

Washington Real Estate Practices



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Washington Real Estate Practices

Revision Approved 6/20/95

Required Topics and Recommended Clock Hours

1. Agency Relationships
(4 hours recommended)
Learning Level: B-3
2. Listing Agreements
(6 hours recommended)
Learning Level: B-3
3. Evaluating and Pricing Property
(4 hours recommended)
Learning Level: B-3
4. Purchase and Sale Agreements with Earnest Money Provisions
(8 hours recommended)
Learning Level: B-3
5. Residential Financing and the Closing Process
(8 hours recommended)
Learning Level: B-3

Clock hour recommendations were developed by the Education Task Force and the Washington Real Estate Commission. The recommendations are intended to serve as estimates of time needed to cover required topic areas in sufficient detail for students to achieve the learning objectives. Instructors may exercise professional judgment in adjusting the actual instructional time to teach specific topic areas based upon the needs of students. HOWEVER, a minimum of 30 clock hours of instruction must be taught in the required topic areas.

LEARNING OBJECTIVES - Washington Real Estate Practices

Unit 1 - Agency Relationships

Upon completion of this section, the student will be able to:

1. Define the following terms, including describing three (3) ways each relationship could be established and complete a written agency disclosure agreement for each form of representation:

Seller Agency
Seller Subagency
Buyer Agency
Dual Agency
Non Agency

2. Define “client” and “customer” relationships between prospective purchasers and real estate licensees and describe how fiduciary duties to a client differ from general duties owed to a customer

3. Explain the relationship between real estate brokers and their affiliated licensees relating to agency relationships

4. Identify five (5) services a licensee can provide to a prospective purchaser without establishing an agency relationship

5. Explain the disclosure requirements of a licensee when he/she is acting as a principal

6. Describe the differences in obtaining permission to show a property if the selling licensee is acting as a seller’s subagent, buyer’s agent, or non agent

7. Explain why an agreement to pay compensation does not necessarily create an agency relationship

8. Describe how multiple listing associations deal with the agency issue through an “offer of cooperation and compensation”

9. Define the terms “vicarious liability” and “imputed knowledge” and give examples of how they relate to agency relationships

10. Identify the disciplinary actions the Director of the Department of Licensing may impose if a licensee’s conduct is not consistent with the agency disclosure representation

LEARNING OBJECTIVES - Washington Real Estate Practices

Unit 2 - Listing Agreements

Upon completion of this section, the student will be able to:

1. Accurately complete an Exclusive Right to sell Listing Agreement and explain the major elements of the agreement
2. Describe how an Exclusive Right to Sell Listing Agreement and an Exclusive Agency Listing Agreement differ
3. Describe the relationship of an affiliated licensee with the broker in a listing agreement
4. Identify three (3) methods of determining who has title to the property you are asked to list
5. Explain when the seller must be provided a copy of the listing agreement
6. Explain who has the authority to sign, modify or cancel a listing agreement
7. Identify three (3) ways a listing agreement can be terminated
8. Explain what happens to current listing agreements under the following situations: death of the listing broker, brokerage firm goes out of business, broker loses license in a disciplinary action, and listing salesperson transfers to a different real estate company
9. Describe six (6) environmental factors that may require disclosure in a listing agreement
10. Describe the major sections of the Residential Seller Property Condition Disclosure in Washington requirements
11. Identify the seven (7) categories forming the basis for discrimination under the Fair Housing Law and give a practical example of why a listing should be refused under each category
12. Explain what constitutes fair housing discrimination in advertising and accurately compose two advertisements demonstrating compliance

13. Identify and explain three (3) real estate practice activities controlled by antitrust laws
14. Explain how real estate commissions are determined
15. Describe who is entitled to initiate an action for payment of a commission under a listing agreement
16. Describe how a broker may be entitled to a commission following expiration of a listing agreement

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Unit 3 - Evaluating and Pricing Property

Upon completion of this section, the student will be able to:

1. Accurately complete a comparative market analysis (CMA) worksheet and explain the major components
2. Discuss how the value of a home is established
3. Identify the parties involved in determining what a home is worth
4. Define the difference between cost, value and price
5. Describe how the role of the appraiser differs from the role of the real estate licensee in the evaluation process
6. Identify at least three (3) sources of information needed for preparing a market analysis
7. Compare the effects of different financing terms on the market value of a property
8. Describe how zoning laws affect the market value of real property

LEARNING OBJECTIVES - Washington Real Estate Practices

Unit 4 - Purchase and Sale Agreements with Earnest Money Provisions

Upon completion of this section, the student will be able to:

1. Accurately complete a Purchase and Sale Agreement and various addenda for a residential transaction and a vacant residential lot
2. Identify five (5) types of contracts most used by residential sales licensees and explain their functions
3. Identify the appropriate circumstances to consult your broker when writing a Purchase and Sale Agreement
4. Explain when to seek competent legal assistance when writing a Purchase and Sale Agreement
5. Explain possible problem areas such as modifying a signed contract, canceling a contract, attaching additional pages to a contract, and common law issues
6. Describe appropriate methods of addressing the following circumstances in the written agreement; a pending divorce action, partnership or corporate seller's or buyer's, builder or seller guarantees, pending foreclosure action, pending personal bankruptcy of seller, and sales involving estates
7. Describe how offers become contracts
8. Demonstrate how to present offers, counter-offers and multiple offers
9. Explain the importance of notification of acceptance
10. Explain the legitimacy of facsimile and telegram copies versus original copies
11. Describe the importance of the Statute of Frauds regarding real estate contracts
12. Explain the terms "contingency" and "subject to" and explain how they are used in a Purchase and Sale Agreement
13. Define the term "enforceable" and explain what conditions are necessary for a Purchase and Sales Agreement to be enforceable

14. Define the term “earnest money”, describe three (3) acceptable forms of earnest money and demonstrate proper handling procedures
15. Describe appropriate conduct and behavior when showing property and presenting offers regarding Fair Housing Laws
16. Discuss the importance of communication with all parties in the transaction

LEARNING OBJECTIVES - Washington Real Estate Practices

Unit 5 - Residential Financing and the Closing Process

Upon completion of this section, the student will be able to:

1. Describe the importance of qualifying the purchaser, explain when it should be performed, and identify the guidelines used for this process
2. List the pitfalls to avoid when qualifying the purchaser
3. Discuss the influence of the value of the property when qualifying the purchaser
4. Demonstrate how to arrive at the maximum price a purchaser can pay for a home
5. Explain the different elements of Conventional, FHA, and VA financing and describe the different qualifying requirements for each
6. Describe the elements of an adjustable rate mortgage (A.R.M.)
7. Identify and describe special financing programs available for first time buyers
8. Describe the following events and processes and explain how they affect the closing of a residential transaction:

Loan application	Lender verifications
The appraisal	Inspections
Loan underwriting	Title insurance commitment
Loan approval	Document preparation
Escrow signing	Recording
Disbursement of funds	Possession

9. Accurately estimate seller's proceeds for a residential sale
10. Accurately estimate buyer's cash requirements to close
11. Demonstrate how taxes and insurance are handled at closing, including proration, prepayment, and reserve accounts
12. Explain how closing dates and different financing methods affect closing costs
13. Explain the importance of Regulation Z in residential financing